

AR25

Leo

SUDBURY CONTACT MINES,

L I M I T E D



ANNUAL REPORT



FOR THE YEAR ENDED DECEMBER 31ST

1971



Digitized by the Internet Archive
in 2023 with funding from
University of Alberta Library

https://archive.org/details/Sudb1402_1971_0

SUDBURY CONTACT MINES, LIMITED

(Incorporated under the Laws of the Province of Ontario)

Executive and Head Office	Suite 1101, 365 Bay Street TORONTO, ONTARIO
Directors	ARCHIE BASEN MILTON KLYMAN PAUL PENNA ERNEST SHERIFF DIRK A. YZENBRANDT
Officers	PAUL PENNA, <i>President</i> MIKEY DRUTZ, <i>Secretary-Treasurer</i>
Consulting Geologist	W. A. HUBACHECK, B.Sc., P.Eng.
Transfer Agent and Registrar	Guaranty Trust Company of Canada Toronto, Ontario
Auditors	Starkman, Kraft, Rothman, Berger & Grill, Chartered Accountants, Toronto, Ontario
Shares Listed	Toronto Stock Exchange, Toronto, Canada
Annual Meeting	June 23, 1972, 11:00 a.m. (Toronto Time), The Manitoba Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario

SUDBURY CONTACT MINES, LIMITED

Directors' Report to the Shareholders

The Directors present the audited financial statements of the Company for the year ended December 31, 1971 and also a general review of activities during the period.

Expenditures for exploration during 1971 continued on the scale of the previous year with a total of \$137,702 spent during the period under review. Principal work centered around the continuation of the diamond drilling program on the Company's copper prospect in Montgomery Township, Ontario and a general program of exploration including airborne geophysical surveying and diamond drilling on the large claim group acquired during the year northwest of Noranda, Quebec.

In addition, a regional reconnaissance exploration program was initiated in another area of Northwestern Quebec, mainly directed toward the search for zinc mineralized bodies with associated lead, employing new exploration techniques to explore geological conditions known to be favourable for zinc deposits in Canada and elsewhere.

As previously reported, three holes totalling 1,611 feet of drilling were completed on the optioned Birch Lake Area claims in Northwestern Ontario early in 1971 to test the lake portion of the anomaly which was tested during the summer of 1970, as well as a parallel anomaly some 1,000 feet to the east. Nothing of economic significance was encountered in this program and accordingly no further work is planned for the claim group.

The group of 35 claims in Fairbanks Township, Ontario, which were held for a considerable period, were dropped during the year.

The following is a summary of the work carried out on the two main exploration projects during 1971:

Montgomery Township, Ontario

The program of diamond drilling carried out during the year on the Company's 35-claim copper prospect in the Blind River-Iron Bridge Area of Montgomery Township was an extension of the 1970 and earlier drill programs and designed to test the continuity in selected areas of the main copper-bearing quartz vein system which has been traced at intervals for a length of some three miles across the property. A similar parallel vein system is known to exist about 600 feet to the south of this main copper-bearing vein system and it has been practically untested to date.

Previous drilling including the work carried out during 1970 in the "East Zone" has indicated seven probable ore shoots containing a total of 56,500 tons grading 2.98% copper to a depth of 250 feet. Drilling in the west "Adit Area" has indicated a probable ore shoot containing 45,000 tons with an average grade of 1.66% copper to a depth of 220 feet.

Three holes at 400 foot spacing were drilled in the east "Adit Area" during 1970 to a vertical depth of 150 feet. Diamond drilling consisting of 15 holes totalling 2,709 feet was completed in this area during 1971. This series of holes, designed to determine whether the structure was continuous between the widely spaced holes, indicated two possible ore shoots containing 83,000 tons grading 2.10% copper to a depth of 200 feet.

Diamond drilling to date has indicated probable and possible ore shoots estimated to contain a total of 184,500 tons averaging 2.27% copper.

Results of diamond drilling to date continues to be encouraging. It is noted that the drilling has been to a relatively shallow depth only. The east "Adit Area" shoots are both open at depth

and would warrant a high priority for further testing. Shoots on both the east and west ends of the "East Zone" are also open at depth. Considerable distances along the main north vein system remain to be tested. Consideration will be given to further work during the current year.

Hebecourt-Montbray Property, Noranda Area

The program of exploration on the Company's group of 89 claims in Hebecourt and adjoining Montbray Townships about 25 miles northwest of Noranda, Quebec, was initiated early in 1971 to explore a favourable band of rhyolitic volcanics previously untested. This is known to be a favourable environment for zinc and copper in the Noranda area and elsewhere.

The initial phase of the exploration program consisted of an airborne electromagnetic survey totalling 360 line miles and covering an area of approximately 40 square miles. This survey located three conductors which were subsequently tested by diamond drilling with disappointing results as no economic sulphides were intersected.

In addition to follow-up ground geophysical work, a limited geochemical survey was carried out to test for zinc and copper in the vicinity of the favourable rhyolite band. A resulting small zinc geochemical anomaly was drilled and low zinc values were intersected over a core length

of 13 feet. There were also some accompanying very low copper values. The Company's consulting engineer concluded that these indications appear to substantiate the original geological concept and provides incentive to continue checking the favourable rhyolite band.

A continuing geochemical survey to cover the favourable indicated south contact is planned for the summer months. The consultant noted that mineralization containing a high proportion of zinc sulphide would not respond to the airborne E.M. survey as it is a non-conductor.

General

During the year, the Company sold 350,000 shares of capital stock for a cash consideration of \$105,000. Marketable securities which are shown on the Balance Sheet at a cost of \$78,663 include 207,310 shares of Mentor Exploration and Development Co., Limited, an associated company.

On behalf of the Board of Directors,

"PAUL PENNA"

President

June 1, 1972

BALANCE SHEET *as at December 31, 1971*

(With comparative figures as at December 31, 1970)

ASSETS

CURRENT ASSETS

Accounts receivable
Marketable securities, at lower of cost or market (market value 1971 — \$151,724; 1970 — \$171,957)
Prepaid expenses

FIXED ASSETS, at cost

Equipment (note 1)
Office furniture
Automotive equipment

Less: Accumulated depreciation

Mining claims and properties

OTHER ASSETS

Investment in other companies, at cost
— shares
— advances
Deferred exploration expenditures (Note 2)
Unlisted and escrowed securities, at nominal value

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Bank indebtedness
Accounts payable and accrued charges

SHAREHOLDERS' EQUITY

CAPITAL (Note 3)

Authorized — 6,000,000 shares without par value
Issued and Fully Paid — 5,336,250 shares (1970 — 4,986,250 shares)

DEFICIT

The accompanying notes form an integral part of these financial statements.

SUDBURY CONTACT MINES, LIMITED

(Incorporated under the laws of the Province of Ontario)

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Sudbury Contact Mines, Limited as at December 31, 1971 and the statements of administrative expenses, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1971 and the results of its operations and the source and application of its funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL
Chartered Accountants

*Toronto, Ontario,
March 22, 1972.*

1971	1970
\$ —	\$ 6,000
78,663	67,006
88	471
<u>\$ 78,751</u>	<u>\$ 73,477</u>
\$ 21,269	\$ 21,269
1,753	1,753
5,184	—
<u>\$ 28,206</u>	<u>\$ 23,022</u>
18,847	17,293
<u>\$ 9,359</u>	<u>\$ 5,729</u>
9,300	1,013,976
<u>\$ 18,659</u>	<u>\$1,019,705</u>
\$ 9,610	\$ 9,610
2,500	2,500
238,717	248,161
1	1
<u>\$ 250,828</u>	<u>\$ 260,272</u>
<u>\$ 348,238</u>	<u>\$1,353,454</u>
\$ 8,042	\$ 7,726
15,916	4,548
<u>\$ 23,958</u>	<u>\$ 12,274</u>
\$2,040,500	\$1,935,500
1,716,220	594,320
<u>\$ 324,280</u>	<u>\$1,341,180</u>
<u>\$ 348,238</u>	<u>\$1,353,454</u>

Approved on behalf of the Board:

PAUL PENNA, Director.

ARCHIE BASEN, Director.

SUDBURY CONTACT MINES, LIMITED

STATEMENT OF ADMINISTRATIVE EXPENSES

For the year ended December 31, 1971

(With comparative figures for the year ended December 31, 1970)

EXPENSES	1971	1970
Administration, office and accounting	\$ 9,600	\$ 7,800
Shareholders' information	5,710	5,910
Legal and audit	5,649	6,596
Transfer agent fees	3,057	2,462
Depreciation — automotive equipment	1,378	—
— furniture and fixtures	175	175
Licences and taxes	1,238	242
Directors' fees	950	200
Interest and bank charges	437	540
Miscellaneous	1,783	1,832
	<u>\$ 29,977</u>	<u>\$ 25,757</u>
Less: Gain on disposal of marketable securities	63,900	44,689
NET ADMINISTRATIVE REVENUE FOR THE YEAR	<u>\$ 33,923</u>	<u>\$ 18,932</u>

STATEMENT OF DEFICIT

For the year ended December 31, 1971

(With comparative figures for the year ended December 31, 1970)

	1971	1970
BALANCE, beginning of year	\$ 594,320	\$ 510,945
Add: Claims, options on claims and deferred expenditures thereon written off	1,155,823	102,307
	<u>\$1,750,143</u>	<u>\$ 613,252</u>
Less: Net administrative revenue for the year	33,923	18,932
BALANCE, end of year	<u>\$1,716,220</u>	<u>\$ 594,320</u>

The accompanying notes form an integral part of these financial statements.

SUDBURY CONTACT MINES, LIMITED

STATEMENT OF DEFERRED EXPLORATION EXPENDITURES

For the year ended December 31, 1971

(With comparative figures for the year ended December 31, 1970)

EXPENDITURES DURING YEAR	1971	1970
Hebecourt Township		
Diamond drilling	\$ 26,954	
Consulting and engineering fees	20,510	
Surveys	10,886	
Wages	5,337	
Line cutting	3,591	
Assaying	2,804	
Staking	1,546	
General expenses	805	
Licences and taxes	180	
	<u>\$ 72,613</u>	
Montgomery Township		
Diamond drilling	\$ 27,648	\$ 69,919
Wages	339	—
Licences and taxes	361	341
Maps	330	—
Assaying	185	128
Transportation	144	—
Consulting	—	9,271
	<u>\$ 29,007</u>	<u>\$ 79,659</u>
Red Lake Mining Division		
Diamond drilling	\$ 17,870	\$ 13,069
Consulting and engineering fees	7,475	7,148
Prospecting	4,490	—
Travel	2,790	2,840
Assaying	2,224	—
General camp expenses	1,252	2,994
Surveys	—	4,696
Stripping and trenching	—	3,401
Line cutting	—	2,300
	<u>\$ 36,101</u>	<u>\$ 36,448</u>
Poirier, Rainboth and Joutel Townships		
Diamond drilling		\$ 16,842
Engineering and consulting fees		6,006
Surveys		7,559
Claim rental		490
General expenses		297
		<u>\$ 31,194</u>
Other Properties		
Licences, fees and taxes	\$ (19)	860
	<u>\$ 137,702</u>	<u>\$ 148,161</u>
DEFERRED EXPLORATION EXPENDITURES, beginning of year	248,161	188,407
	<u>\$ 385,863</u>	<u>\$ 336,568</u>
Less: Expenditures written off		
— Red Lake Mining Division	\$ 79,966	—
— Fairbanks Township	67,180	—
— Poirier, Rainboth and Joutel Townships	—	88,407
	<u>\$ 147,146</u>	<u>\$ 88,407</u>
DEFERRED EXPLORATION EXPENDITURES, end of year	<u>\$ 238,717</u>	<u>\$ 248,161</u>

The accompanying notes form an integral part of these financial statements.

SUDBURY CONTACT MINES, LIMITED

SUMMARY OF DEFERRED EXPLORATION EXPENDITURES

As at December 31, 1971

(With comparative figures as at December 31, 1970)

	1971	1970
Montgomery Township	\$ 165,737	\$ 136,730
Hebecourt Township	72,613	—
Thunder Bay	367	386
Fairbanks Township	—	67,180
Red Lake Mining Division	—	43,865
	<u>\$ 238,717</u>	<u>\$ 248,161</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1971

(With comparative figures for the year ended December 31, 1970)

	1971	1970
SOURCE OF FUNDS		
Net administrative revenue	\$ 33,923	\$ 18,932
Depreciation	1,553	175
Sale of capital stock	105,000	—
	<u>\$ 140,476</u>	<u>\$ 19,107</u>
APPLICATION OF FUNDS		
Exploration expenditures	\$ 137,702	\$ 148,161
Acquisition of fixed assets	5,184	—
Acquisition of mining claims	4,000	6,500
	<u>\$ 146,886</u>	<u>\$ 154,661</u>
DECREASE IN WORKING CAPITAL	\$ 6,410	\$ 135,554
WORKING CAPITAL, beginning of year	61,203	196,757
WORKING CAPITAL, end of year	<u>\$ 54,793</u>	<u>\$ 61,203</u>

The accompanying notes form an integral part of these financial statements.

SUDBURY CONTACT MINES, LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1971

1. The company's equipment is in storage and no depreciation has been provided for during the year.
2. The amounts shown for deferred exploration expenditures represent costs to date less amounts written off and are not intended to reflect present or future values.
3. During the year the company changed its authorized and issued shares from \$1 par value each to no par value. On September 24, 1971 the company issued 350,000 shares of capital stock for a cash consideration of \$105,000.
4. Certain 1970 figures have been reclassified to conform with the presentation adopted for 1971.

